

# LEGISLATIVE UPDATE

JANUARY 2005

INDIANA SENATE • 200 W. WASHINGTON ST. • INDIANAPOLIS, INDIANA 46204

## HB 1001: House Budget Arrives in the Senate

Indiana currently faces a deficit of over \$600 million this fiscal year. A sluggish economy forces all government entities to tighten the proverbial belt. From the largest federal agency to the smallest school corporation, money-or in this case, a lack of money-causes perpetual headaches. With these facts in mind, the legislature began this session with one major goal—create a fair and balanced budget.

House Bill 1001 emerged from the House Ways and Means Committee and remarkably passed on second reading in the House without amendment. It passed on third reading by a vote of 52 to 48. It has four noteworthy characteristics:

- It does **not** institute any tax increase
- It balances the budget during Fiscal Year 2005-2007
- It accomplishes this feat without employing any borrowings, delays or use of other dedicated funds
- It ends the structural deficit by 2007 (the state will actually post a \$79 million dollar surplus by the closing of FY 2007)

In the last budget session of the General Assembly, legislators funded K-12 education with a 3 percent increase for each year of the current budget cycle. That was the highest level of funding in any of the 50 states, many of which are facing severe budget problems. On average, we currently spend more than \$10,000 per year for every child who attends public school in Indiana.

The House version of the 2005-2007 budget gives modest increases to both K-12 education and Medicaid, while flatlining all other programs. With future state revenues unknown and no new revenue-producing measures currently in the mix, these increases are far more impressive than their numbers may indicate.

In April, the Budget Agency will release a new revenue forecast to help legislators finalize the proposed budget based on expected income for the biennium. We wait anxiously to see the economic picture this document paints for the state.

The Senate Appropriations Committee already began hearings on HB 1001. We hope to build on the good ideas already proposed by the House and give Indiana a fair and balanced budget.

### SEN. ROBERT GARTON



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### upcoming events in the indiana statehouse

- March 7 — Senate resumes after mid-session break
- April 11 - Last Day for 3rd Reading of House Bills in the Senate
- April 14 - Last Day for 3rd Reading of Senate Bills in the House
- April 29 — Last scheduled day of the 2005 legislative session

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# BILLS ON THE *MOVE*

## Important Legislation in the General Assembly

### Education

Current law requires children to be five years old on July 1 of a school year to be eligible to attend kindergarten, making Hoosier children the oldest kindergarten students in the country. Senate Bill 231 moves the kindergarten enrollment date to include children who turn five years old no later than August 1 of the 2006-2007 school year.

*Passed the Senate 34-15*

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If we expect our children to perform and excel in academics, we also must do everything possible to make sure they feel safe at school. SB 285, similar to a bill introduced last year, defines bullying and requires schools to adopt rules prohibiting bullying and take steps to prevent bullying. This is a serious issue in today's schools, and this bill helps school districts deal with the problem without micromanaging their discipline policies.

*Passed the Senate 40-7*

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### Public Safety

The Senate has passed Senate Bill 56, which creates the Department of Homeland Security (DHS) in order to coordinate the state's safety measures under a central entity. Currently the state maintains nine different entities devoted to homeland security issues, each maintaining a separate security plan. The creation of the agency establishes a single point of contact and a uniform, cohesive plan for the state's homeland security plan.

*Passed the Senate 46-0*

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### Elections

Senate Bill 483 requires a voter to show picture ID that has been issued by the state or federal government (such as a driver's license or state ID card). Without proof of identification, it is easy for fraudulent voters to vote

under different names at different times in the day. The bill contains exemptions for those who are indigent or religiously opposed to being photographed, and it allows people without a photo ID to cast a provisional ballot.

*Passed the Senate 31-17*

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Senate Bill 15 tightens restrictions on obtaining an absentee ballot. In northwest Indiana, one mayoral election was nullified due to massive absentee ballot fraud. SB 15 does not make registering to vote more difficult; it simply creates new safeguards to protect the rights of honest absentee voters.

*Passed the Senate 32-16*

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### Economic Development

Senate Bill 496 makes several adjustments to tax law for both individuals and businesses. In addition to creating property tax circuit breakers and an appeal process, SB 496 increases EDGE credits for job retention and job growth. It also makes Hoosier Business Investment Tax Credits available for businesses that have operated in Indiana for less than one year. The bill also provides some accountability for local government spending. It requires the Department of Local Government Finance to report per capita expenditures of local units of government.

*Passed the Senate 44-4*

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SB 1 provides: 1) a tax abatement process for business improvements to property; 2) sales tax exemptions for research and development equipment; 3) tax credits for research expenses; and 4) improvements to the venture capital investment tax credits. These changes promise to attract high-wage, high-skill jobs which will increase Indiana's personal income growth and reverse the "brain drain" by allowing Indiana's graduates to stay in the state they call home.

*Passed the Senate 50-0*

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